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1.5(c)  
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COUNTRY PANAMA

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SUBJECT

PRESIDENT CHIARI'S HANDLING OF THE CRISIS WITH THE  
UNITED STATES AND POSSIBLE ACTION BY ARNULFO ARIAS

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3.4(b)(1)

PLACE &  
DATE ACQ.

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SOURCE  
AND  
APPRAISAL:

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1. THE FOLLOWING

CONCERNING THE MANNER IN WHICH PRESIDENT ROBERTO F. CHIARI HAS  
HANDLED THE PRESENT CRISIS BETWEEN THE UNITED STATES AND PANAMA:

A. PRESIDENT CHIARI ACTED IN A THOROUGHLY UNPROFESSIONAL MANNER,  
NOT EVEN CONSULTING HIS FOREIGN RELATIONS COUNCIL WHEN HE  
BROKE RELATIONS WITH THE UNITED STATES OVER THE CANAL ZONE  
BORDER INCIDENT. ALTHOUGH HE COULD NOT BE EXPECTED TO KNOW THE INS  
AND OUTS OF DIPLOMACY HIMSELF, HIS PRINCIPAL ADVISORS SHOULD HAVE  
KNOWN BETTER. THESE ADVISORS WERE FOREIGN MINISTER GALILEO SOLIS,

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LEGAL ADVISOR TO THE FOREIGN MINISTRY ELOY BENEDETTI, AND CHIEF OF THE ECONOMIC PLANNING COUNCIL DAVID SAMUDIO.

B. THE PRESIDENT PROBABLY DECIDED TO TAKE THIS RADICAL STEP BECAUSE HE BELIEVED THAT THE DEGREE OF VIOLENCE ON THE BORDER WAS SUFFICIENT TO FORCE THE U.S. TO ACCEPT NEGOTIATION OF A NEW TREATY. IN THIS REGARD HE TURNED TO THE MASSES FOR SUPPORT, BUT INSTEAD OF TAKING OVER THE MASSES, THE LATTER GOT CONTROL OF HIM, THUS PUSHING HIM TO THE POINT OF NO RETURN. CHIARI NOW FINDS HIMSELF IN AN UNTENABLE POSITION ECONOMICALLY AND POLITICALLY AND WILL BE LUCKY IF HE CAN REMAIN IN OFFICE FOR A MAXIMUM OF TWO MORE MONTHS.

C. THE MAJOR POLITICAL PARTIES AND THEIR LEADERS WITH THE EXCEPTION OF THE PANAMANISTA PARTY OF ARNULFO ARIAS RALLIED BEHIND THE PRESIDENT AFTER HE BROKE RELATIONS AND OFFERED SUPPORT AND ADVICE IN AN EFFORT TO HELP HIM EXTRICATE HIMSELF. SINCE THIS INITIAL CONTACT, HOWEVER, CHIARI HAS MADE NO EFFORT TO CONTACT THE PARTIES AND DISCUSS THE PROBLEM WITH THEM.

D. AS OF THE MOMENT, PRESIDENT CHIARI HAS ONLY THREE COURSES OF ACTION OPEN TO HIM:

1. PERSUADE THE U.S. TO CHANGE ITS POSITION ON NEGOTIATION OF THE EXISTING TREATY.
2. CALL UPON A LARGE REPRESENTATIVE GROUP FROM BUSINESS,

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THE PROFESSIONS, GOVERNMENT, AND POLITICS, AND, WITH  
THIS GROUP'S ASSISTANCE, ATTEMPT TO ARRIVE AT SOME  
ACCOMMODATION WITH THE U.S.

3. RESIGN OR BE OVERTHROWN IN THE NEAR FUTURE.

2. ON HIS PART, ARNULFO ARIAS HAS REFRAINED FROM ANY ACTIVE PARTICIPATION IN THE CRISIS TO DATE. ARIAS WILL PROBABLY CONTINUE TO WITHHOLD HIS SUPPORT AND WAIT UNTIL THE SITUATION HAS DETERIORATED TO THE POINT WHERE HE CAN MAKE A BID FOR POWER. BEING AN ASTUTE POLITICIAN, IF HE DOES MAKE A SUCCESSFUL MOVE IN THE COMING WEEKS, HE WILL PROBABLY IMMEDIATELY SEEK RENEWAL OF DIPLOMATIC RELATIONS WITH THE U.S. CHARGING THE CHIARI ADMINISTRATION WITH FULL BLAME FOR THE CRISIS AND ITS AFTERMATH IN ORDER TO TAKE THE PRESSURE OFF HIMSELF.

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3./ DISSEM: STATE ARMY NAVY AIR CINCSO CINCLANT PACANAL, CINCPACAFSA.

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